

1 WAYNE STRUMPFER  
 Acting California Corporations Commissioner  
 2 ALAN S. WEINGER (CA BAR NO. 86717)  
 Acting Deputy Commissioner  
 3 JUDY L. HARTLEY (CA BAR NO. 110628)  
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 4 Department of Corporations  
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 Attorneys for Complainant  
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8 BEFORE THE DEPARTMENT OF CORPORATIONS  
 9 OF THE STATE OF CALIFORNIA  
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11 In the Matter of the Accusation of THE	) File No.: 963-1729
12 CALIFORNIA CORPORATIONS	)
12 COMMISSIONER,	) ACCUSATION
13	)
13 Complainant,	)
14	)
15 vs.	)
16	)
16 BEST ESCROW-CERRITOS and CHUNG	)
17 KAM,	)
17	)
18 Respondents.	)

19 The Complainant is informed and believes, and based upon such information and belief,  
 20 alleges and charges Respondents as follows:

21 I

22 Respondent Best Escrow-Cerritos ("Best Escrow") is an escrow agent licensed by the  
 23 California Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the Escrow  
 24 Law of the State of California (California Financial Code Section 17000 et seq.). Best Escrow has  
 25 its principal place of business located at 146 W. Bastanchury Road, Fullerton, California 92835.

26 Respondent Chung Kam ("Kam") is, and was at all times relevant herein, the president and  
 27 owner of Best Escrow.  
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## II

On or about October 7, 2005, the Commissioner commenced a regulatory examination of the books and records of Best Escrow. The outstanding check review portion of the regulatory examination disclosed that Kam, on at least four occasions, had caused unauthorized disbursements of trust funds in violation of California Financial Code section 17414(a)(1) and California Code of Regulations, Title 10, sections 1738 and 1738.2. Each of the unauthorized disbursements of trust funds described in paragraphs 1-4 below also caused a shortage to exist in the trust account in violation of California Code of Regulations, title 10, section 1738.1. Pursuant to the demand of the Commissioner, Best Escrow cured the trust account shortage created by the unauthorized disbursements described below.

The unauthorized disbursements discovered during the outstanding check review were as follows:

1. Best Escrow Number 4110

(a) On or about June 29, 2005, Respondents caused trust funds in the amount of \$501.00 to be disbursed to Kam by causing trust check number 124967 to be deposited into the account of Best Management Company, a company owned by Kam. Trust check number 124967 was issued to replace outstanding trust check number 115632 dated October 2, 2002 payable to ACSC for \$501.00. There was no authorization for this disbursement to Kam.

2. Best Escrow Number 4129

(a) On or about June 29, 2005, Respondents caused trust funds in the amount of \$305.00 to be disbursed to Kam by causing trust check number 124965 to be deposited into the account of Best Management Company. Trust check number 124965 was issued to replace outstanding trust check number 115831 dated October 30, 2002 payable to First American Home Protection for \$305.00. There was no authorization for this disbursement to Kam.

3. Best Escrow Number 4339

(a) On or about June 29, 2005, Respondents caused trust funds in the amount of \$43.00 to be disbursed to Kam by causing trust check number 124963 to be deposited into the account of Best Management Company. Trust check number 124963 was issued to replace

1 outstanding trust check number 122678 dated July 23, 2004, which had been issued to replace  
2 outstanding trust check number 117080 dated March 12, 2003 payable to Outsource for \$43.00.  
3 There was no authorization for this disbursement to Kam.

4 (b) On or about June 29, 2005, Respondents caused trust funds in the amount of  
5 \$122.00 to be disbursed to Kam by causing trust check number 124964 to be deposited into the  
6 account of Best Management Company. Trust check number 124964 was issued to replace  
7 outstanding trust check number 122679 dated July 23, 2004, which had been issued to replace  
8 outstanding trust check number 117081 dated March 12, 2003 payable to Credit Management for  
9 \$122.00. There was no authorization for this disbursement to Kam.

### 10 III

11 California Financial Code section 17608 provides in pertinent part:

12 The commissioner may, after notice and a reasonable opportunity to  
13 be heard, suspend or revoke any license if he finds that:

14 (b) The licensee has violated any provision of this division or any  
15 rule made by the commissioner under and within the authority of this  
division.

16 California Financial Code section 17423 provides in pertinent part:

17 (a) The commissioner may, after appropriate notice and opportunity  
18 for hearing, by order, . . . bar from any position of employment,  
19 management, or control any escrow agent, or any other person, if the  
commissioner finds either of the following:

20 (1) That the . . . bar is in the public interest and that the person has  
21 committed or caused a violation of this division or rule or order of  
22 the commissioner, which violation was either known or should have  
23 been known by the person committing or causing it or has caused material  
damage to the escrow agent or to the public.

### 24 IV

25 Complainant finds that, by reason of the foregoing, Respondents have violated California  
26 Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738,  
27 1738.1 and 1738.2 and it is in the best interests of the public to revoke the escrow agent's license of  
28 Respondent Best Escrow, and to bar Respondent Kam from any position of employment,  
management or control of any escrow agent.

1 WHEREFORE, IT IS PRAYED that the escrow agent's license of Respondent Best Escrow  
2 be revoked, and that Respondent Kam be barred from any position of employment, management or  
3 control of any escrow agent.

4 Dated: March 9, 2006

5 Los Angeles, CA

WAYNE STRUMPFER  
Acting California Corporations Commissioner

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8 By \_\_\_\_\_  
9 Judy L. Hartley  
10 Senior Corporations Counsel  
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